Sense 64

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A David Squares Off Against The Goliaths

Let's say you're chief executive officer of a company with sales over $760 million. Your company ranks 131st in the nation with some 21,000 employees. Sounds pretty impressive. At the same time, however, your company ranks fourth in its industry. Your sales are off, profits are non-existent and the financial pundits have been making dire predictions about your company. Sounds not so impressive.

Yet this was precisely the situation at American Motors Corporation several years ago.

So as chief executive officer, what are you going to do about it?

Hopefully, the same thing that Roy D. Chapin, Jr. and William V. Luneburg did when they took command of American Motors in 1967 as chairman and president respectively. *Think smart!* If you can't outspend your competition, out-think them. And the results are beginning to show—a full-scale corporate turnaround is in the making. Even normally conservative *Forbes* magazine has given a cautious nod of approval.

"On the numbers," says *Forbes*, "American Motors looks nearly as weak as it did last year. But look more closely."

Look indeed. American Motors today is acquiring a lean, aggressive, youthful and spirited personality. Among other things, it is showing a profit for the first time in years. In addition, it is actively involved in upgrading both quality and number of its dealerships; acquiring the Kaiser Jeep Corporation in a well-publicized move; adding new car models to its product line at the rate of one every six months; utilizing innovative marketing, production and sales forecasting techniques; and, equally important, it has engaged some of the best communications talent available in the form of Wells, Rich, Green as its advertising agency and Lippincott & Margulies as consultants for marketing, communications and design.

In a recent article describing this remarkable corporate turnaround, *Business Week* stated: "Three years ago American Motors Corporation was really sick. Last year it managed to get its head off the pillow. This week Detroit's littlest auto maker was growling for nourishment, and looking to get it by taking a bite out of the foreign-dominated small car market."

The Long Road Back to Corporate Stability

Even before Lippincott & Margulies was called in, American Motors was taking steps to reverse its downhill slide. To cut

operating costs, efficient management techniques were utilized to improve such functions as production planning and sales forecasting. As a consequence, the firm's break-even point was reduced to 260,000 cars, 50,000 below the level of a year earlier. Thus, as fiscal 1968 drew to a close, the company finally edged into the black.

The question then—how to keep it there.

Both Chapin and Luneberg realize that the company has a long way to go before it can mount a serious challenge to the "Big 3" of the auto industry. Since it cannot afford to battle them head on across the board, the decision was made to look for gaps in the overall automotive market and focus on those particular segments in which the company has the ability to excel.

It was decided that American Motors would concentrate on manufacturing smaller cars featuring significant engineering and styling advances. This program has already resulted in the new Hornet (Rambler's 1970 replacement), the soon-to-be introduced Gremlin (a sub-compact derivative of the Hornet), and a currently un-named model based on the company's intermediate-sized Rebel that will be the firm's entry in the high-performance car market.

In addition, American Motors expects to market three other new models by 1972, including a European-style two-seater sports car.

These new cars are now supported by clever, effective advertising, unusual sales and dealer promotions and a new company-sponsored racing program to generate added interest among younger auto enthusiasts.

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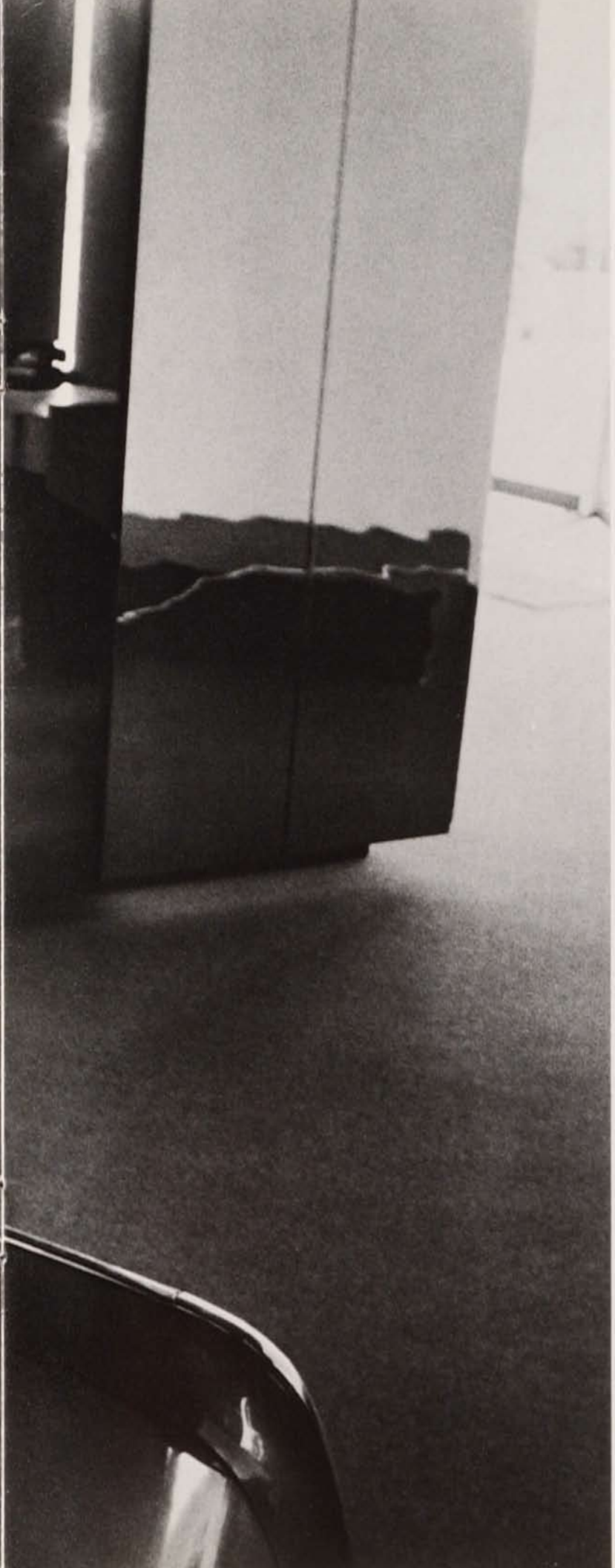
The Big Deal Is In The Showroom

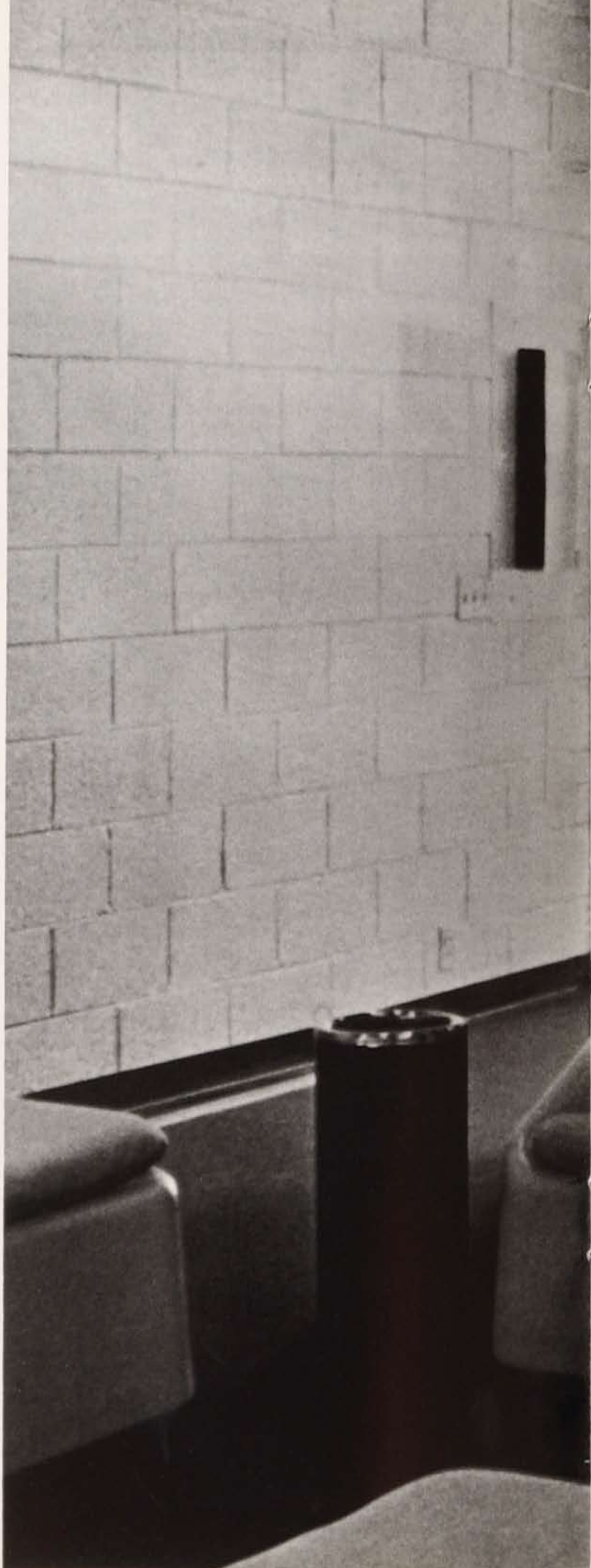


A high priority was also given to the upgrading of American Motors 2,400 dealerships, many of which were housed in out-of-date, unimpressive facilities. The importance of this area could not be overstressed because it is in dealer showrooms that the final sale is made. It was imperative that the new environmental setting reflect the company's aggressive personality, set it well apart from its competitors, and generate a look that would relate to the 70's and the Now Generation. But equally important, the question of cost had to be considered; American Motors and its dealers were in no position to outspend their competitors. Too often, design programs of this type, even though imaginative, are created with little regard to the client's pocketbook. The result is that the company involved is often able to implement only a small portion of the total. As a consequence, the end product is more confusing and fragmented than the original.

The metallic, movable closing booth mirrors automobiles on the floor, and also provides a psychological sales tool, being mere steps away from the spot where buying decisions are made. Moreover, it is one of many economical structural innovations typical of new dealerships.

Thus, it fell to Lippincott & Margulies to create a new look, one that would be economical to implement and maintain, and flexible enough to be adapted to a variety of architectural styles and settings. It is also clean, simple and functional so that the end result makes a strong statement about the company's new character and the products it sells. After considerable research, analysis and design, a prototype dealership facility was constructed at Grosse Point, Michigan.

The one, overriding principle behind the dealership design concept was to create for American Motors a selling atmosphere in which the products, and *only* the products, would be featured performers. Thus, in the redesign of showrooms and offices, Lippincott & Margulies' basic concern was to neutralize the environment in order to dramatize the cars displayed on the showroom floor. Even the exterior of the building was architecturally understaged. An effective use of black and white was employed, resulting in a dramatic and highly visible identification of both company and dealer names.



Since housewives bring in the majority of cars to be serviced, dealers' waiting lounges were designed with the female customer in mind. Lighting, colors and furnishings all help to create a desirable image for dealerships.

Some of the special design features which are both economical and easily adaptable to existing facilities include: subdued stage-type lighting to produce a natural ambiance for the cars; a black ceiling to reinforce the lighting effect and provide a uniform appearance in the dealership network; dark carpeting and neutral-colored walls to further highlight the products; closing offices in the form of movable cubicles metallically coated to provide added product emphasis by reflecting the images of cars positioned nearby; a customer's lounge with a modern decor particularly designed to appeal to women.

And all at a per unit cost substantially lower than equivalent dealerships across the country.

The prototype facility was greeted with enthusiasm when first introduced to some 300 American Motors' dealers. Comments ranged from "perfectly thought-out" to "fantastic."

Says Chairman Chapin, "Our customers will be making their purchases in a very pleasant environment—one that gives an impression of elegance and importance as befits those making their second largest single purchase."

American Motors firmly believes that it has adopted a dealership concept that will be the trend for all auto dealerships during the coming decade.

Unique signage contributes a truly contemporary look for American outlets. A dramatic vertical thrust and stark black and white color scheme set off the vivid red, white and blue corporate identifier.

Select
Used Cars
can Motors

American Who?

But dealership design was only one of the tasks assumed by Lippincott & Margulies. Another problem existed in the area of corporate communications. For many years, American Motors had emphasized its products at the expense of its corporate communications. Not only was the company not as well known as it should have been, but, when it was recognized, it was often for the Rambler line which had recently been discontinued. This situation was not enhanced by the fact that more than half of its 2,400 dealerships were identified primarily as Rambler outlets rather than American Motors. Obviously, it was necessary to create a new and sustained awareness of the company, a system that would effectively portray American Motors as it really was—a trim, youthful, progressive and innovative auto maker. The first order of business was primary nomenclature. Lippincott & Margulies concurred with the company's decision to drop the Rambler name. Clearly, the automotive market had moved far beyond Rambler, but this in itself presented a problem, for tests showed that Rambler was a better-known name than that of its parent. How then could the company restate its identity without losing it entirely?

A Decision Not To Change May Be Tougher

The decision to retain a name is sometimes more difficult than a dramatic change. But for American Motors, its name preserved the only communicative link to dealers, the financial community and the public at a time when stability was of paramount importance. In addition, a new name would probably be perceived as gimmicky, while in actuality the company was pursuing a strategy of having image reflect reality. But even more important, American society today is in the process of making fundamental changes in values, ideals, in its institutions and power structure. As a consequence, a new America is emerging, one that will take shape in the next decade or two. It was Lippincott & Margulies' recommendation that American Motors, with its new aggressive and youthful personality, selectively identify with this evolving national identity while its older, more well-established competitors continued to represent the past. The name American can constantly evoke what is new and best in America during the years to come. Thus, it was recommended that American Motors retain its name.

Thinking Small For Big Profits

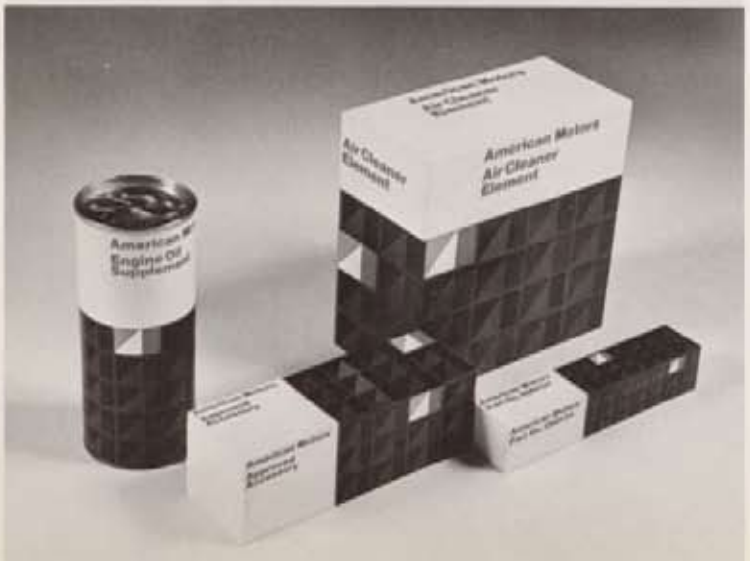
Another idea conceived by American Motors and its consultants was for the company to "think small," to exploit its relative smallness in the auto industry as an advantage, emphasizing its lack of bureaucracy, increased flexibility and speedy market-responsiveness. The company should be portrayed as a "comer," rather than an underdog. In brief, a company which, thanks to its size, is lean, aggressive and gaining on competition.

In addition to graphic solutions, Lippincott & Margulies recommended additional steps to favorably position American Motors in the minds of its publics. First, the development of a systematic brand name generation program to select brand names that are right for each product and its market segment; establishment of a vigorous mutual endorsement policy between the company and its brand names so that each profits from the association; development of cooperative and incentive plans strong enough to ensure dealer participation in the new program; establishment of guidelines to aid the dealers' advertising, public relations and sales promotion activities.

The Stage Is Set– Now For The Players

Although still in an early stage, American Motors' new program is moving along on schedule. An Office of Corporate Identity headed by Phillip J. Lincoln has been created to fully implement the program over a scheduled period of time. The new look is already in use in the company's advertising, and, in addition to dealership facilities, will soon be featured in product identification, sales promotion aids, display materials and packaging.

Although it is much too early in the game to measure results, there can be no doubt that a new and revitalized American Motors *is* emerging. And, as the company evolves in the years ahead, management knows that it will not be hampered by an out-dated, inconsistent and confusing image. On the contrary, its new communications system will pace its growth and reflect the corporate dynamism of the nation's fourth-ranked auto manufacturer.



At right, above, we see American Motors' new look on a company car. Below is a closeup of the now-famous corporate symbol. At left we have various design concepts employing the firm's graphic treatment which are currently under consideration: a lady's scarf, a lapel pin, an ignition key and a sample of industrial packaging.

American Motors

Roy D. Chapin, Jr.
Chairman

"American Motors is on the move. We know where we want to be, and we have realistic ideas about what it will take to get us there. But regardless of the directions our future programs will take, our new identity gives us the means to unify all our corporate activities. It will enable us to bring our dealer organization together under a common, highly identifiable banner, and it will mark us in the minds of the public as the forward-looking, growth-oriented company we are and intend to be."

William V. Luneburg
President

"We consider our new identity system a serious and important effort to communicate, in a consistent and clear fashion, the excellence of the company, its products and dealers. Our modern and totally new look will generate increased awareness of, and enthusiasm for, American Motors, and we predict that our new symbol will soon become as familiar and well known as any corporate mark existing today."

Frank Hedge
Vice President, Public Relations

"The great majority of people who have commented on our identity program feel that it signals a whole new course for American Motors. It fits in well with the new vigor of our corporation."

William R. McNealy
Vice President, Marketing

"The new dealership facility identification plan, which links our dealers together in a cohesive network, has not only been tailored to fit varying architectural styles and settings, but, from a cost standpoint, the new design format is in line with what our dealers can afford."

Philip J. Lincoln
Director of Corporate Identity

"We wanted dealers to view the Grosse Pointe prototype so that they could see for themselves exactly how the new identity system was to be applied, rather than merely expose them to a farm of signs. Dealers' reactions to the new appearance were highly encouraging. At present, we are involved in carrying out the fastest and most extensive conversion program in the automobile business."

Readers of this issue will find the following of special interest:

Sense 63
Fulfillment: Executing a Corporate Identity Plan
How a corporate identity plan is carried out is as vital to the achievement of a company's marketing goals as the creation of the program itself. A useful guide to the mechanics of implementation.

Sense 62
Enter Superbrand
A unique marketing concept that substantially heightens corporate flexibility and communications efficiency. The Pathmark story, a new look in retailing.

Sense 60
Financial Services: A Field in Ferment
How will financial institutions meet the demands of the future? The need to project new forms and services via communications programs. Interviews with six prominent executives.

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